

In Beirut Car-Bomb War, Civilian Deaths Feed 'Fire of Strife'

By Ihsan A. Hijiya
New York Times Service

BEIRUT — The Lebanese, already suffering from 11 years of civil war, have been subjected to a new wave of car bombings that has had a shattering effect around the country.

The attacks have left 137 people dead and 800 wounded since the beginning of the year. Material damage has run into millions of dollars. But worst of all is the emotional and psychological impact on the civilian population.

"Lebanese are being used as logs to keep the fire of strife burning," said a commentator on the government's television station.

When a bomb goes off on one side of Beirut, civilians on the other side expect their turn will be next.

Car bombs have been one of the most lethal weapons over the years of civil strife.

The press has dubbed the latest, more frequent, attacks in crowded streets and shopping centers "the car-bomb war."

Since January there have been 11 car-bomb explosions in Christian and Muslim areas, extending from the Christian port of Jounieh in the north to the Muslim port of Sidon in the south. Of these, seven went off in Christian sectors, mostly East Beirut. Two exploded in the Muslim West Beirut and three in Sidon.

Some of the earlier explosions in East Beirut were set off near the offices of President Amin Gemayel's Phalangist Party. Subsequent bombings, however, seemed to have had no specific target. The same can be said about the explosions in West Beirut.

Most of the car bombs went off during the morning or noon rush hours, indicating that they were intended to cause as many casualties as possible.

Other explosions caused by dynamite placed at building entrances and under parked cars have killed and wounded people on both sides of the Green Line, which divides the Lebanese capital into Christian and Muslim halves.

The Christians have accused Syrian agents of planting the bombs. They say Damascus wants to force Mr. Gemayel, a Christian, and his supporters in East Beirut to yield to a Syrian-brokered formula for changing Lebanon's political system.

Syria's goal, the Christians say, is to deprive them of the majority they have enjoyed in executive and legislative posts since the political system was laid down at independence 43 years ago.

Syria's Lebanese Muslim allies, in turn, say the explosions in Christian sectors are symptoms of a power struggle that has continued since Elie Hobeika, the commander of the largest Christian militia, was

overthrown in January in an upheaval that left 400 Muslims and civilians dead. Mr. Hobeika, who had signed the Damascus pact on behalf of the Christians, was replaced as head of the Lebanese Forces militia by Samir Geagea, who rejects any role by the Syrians in Lebanon.

A West Beirut newspaper, al-Hakika, claimed that the car bomb that exploded in the Christian suburb of Dora on Thursday had been designed to kill a rival of Mr. Geagea. The newspaper said the explosion occurred outside the hospital where Fawad Abu Nader was being treated after escaping an attempt on his life.

Mr. Abu Nader, a nephew of Mr. Gemayel, had been wounded in an ambush Aug. 11 during clashes between rival Christian militia factions. He was reported to have been the leader of a militia against Mr. Geagea. He was not harmed by the Dora blast.

Nabih Berri, the minister of justice who leads the Shiite Muslim movement Amal, charged that Mr. Geagea was the mastermind of the car bombs in West Beirut. Mr. Geagea was accused of seeking to disrupt a security plan in the Muslim part of the capital that went into force in early July with the help of Syrian soldiers.

Two women have been arrested on the Muslim side. One, Samira, 21, a Muslim, reportedly confessed to placing the car bomb in the Beirut marketplace in West Beirut on July 29.

In the second arrest, a suspect whom the press described as a blonde woman in her late 20s was picked up by the police after witnesses identified her as the driver who parked the car bomb in the Muslim quarter of Tarik Jaidah on Aug. 8. The bomb killed 17 persons. The woman has not been identified.

Bomb in Car Kills Four In France

Reuters

TOULON, France — Four persons, including a rightist political activist, were killed Monday while apparently preparing a bomb attack against Arab immigrants, police said.

The four died when the car in which they were riding exploded in a marketplace in the center of this Mediterranean port.

The blast, at 1:20 A.M., started a fire that destroyed a three-story building. It damaged several cars and shattered windows in other buildings. There were no other casualties.

Police said the car appeared to have been carrying about 11 pounds (5 kilograms) of explosives in preparation for a bomb attack in or near the marketplace, an area inhabited by a large number of Arab immigrants.

They said one of those killed was Claude Noblet, a former member of the rightist National Front. The others were not immediately identified.

Mr. Noblet, a National Front candidate for local council elections in the nearby town of Seyne-sur-Mer in 1983, led the party earlier this year to found his own anti-immigrant organization, called SOS-France.

Police said they found letters near the wreckage of the car that bore the name of SOS-France and the slogan, "Hands off our France."



Wreckage of the car that carried a bomb in central Toulon.

The blast occurred near a youth center popular with activists of the anti-racist organization SOS Racism.

There have been a series of attacks this year along France's Mediterranean coast against immigrants from former French territories in North Africa.

Tension over the presence of large immigrant communities in Paris and southern cities such as

Manila Threatens Army Deserters; Raids by Marcos Partisans Reported

Washington Post Service

MANILA — General Fidel V. Ramos, chief of staff of the Philippine armed forces, has threatened to court-martial soldiers who fail to report to new assignments.

The warning came amid reports that deserters loyal to Ferdinand E. Marcos, the deposed president, had raised militia posts to assemble arms in an effort to destabilize the government of President Corason C. Aquino.

General Ramos, in a letter published over the weekend, also urged Mr. Aquino to broaden the government's inquiry into abuses of human rights by soldiers under the Marcos regime.

He said it should include abuses by Communist guerrillas of the New People's Army, who the military accused of having killed scores of people and burned them in mass graves in the southern island of Mindanao.

"We view a crime as a crime," General Ramos said, "and therefore a killer, torturer or anybody who ever perpetrated any abuse on human rights must be punished, whether he is a member of the armed forces or of the NPA."

The chief of staff said that the investigation of the military, in the absence of a corresponding inquiry into abuses of human rights by soldiers under the Marcos regime.

The military headquarters received reports Sunday that 32 men



Fidel V. Ramos

in soldiers' uniforms had raised two militia posts in Mindanao Occidental province in Mindanao.

The reports said one militiaman was killed and 15 rifles taken. The armed forces did not identify the rebels. Previous incidents of this kind have been attributed to the New People's Army.

The Defense Ministry asserted last week that Marcos supporters had been recruiting soldiers to join their forces, and offering them salaries.

Defense Minister Juan Ponce Enrile has said that no more than 24 deserters had joined the army forces went absent without leave after Mr. Marcos fled the country

in February. But observers say the figure could be much higher.

Most of the men who left their jobs belonged to Mr. Marcos's presidential guard or his security agency.

Mr. Ramos said that most of them had been posted to the provinces to fight the insurgents.

Letter From Reagan

The chairman of the Senate Foreign Relations Committee, Richard G. Lugar, delivered a personal letter from President Ronald Reagan to Mrs. Aquino on Monday evening.

Mr. Lugar, who led a delegation to observe the presidential election in February that preceded Mr. Marcos's fall, emerged from a two-day meeting with Mrs. Aquino and said Mr. Reagan looked forward to meeting her next month when she visits the United States.

"The president, among other things, simply indicated how much he looks forward to entertaining her," said Mr. Lugar, Republican of Indiana. He said Mr. Reagan had also indicated "how strongly he supports this democracy in the Philippines."

Mrs. Aquino will make an eight-day visit to the United States beginning Sept. 15.

Mr. Lugar said he expected that Mrs. Aquino's address to a joint session of Congress on Sept. 18 would be "very helpful" in trying to secure speedy approval of U.S. aid to the Philippines.

As Bedouins Settle, Land Is an Issue

Cairo Asks Proof of Ownership, but No Deeds Exist

By Christopher S. Wren
New York Times Service

NUWEIBA, Egypt — As Ashish Aniz, a wiry young Bedouin, told it, he had built a wall around his new suqco house only to have the Egyptian authorities send a tractor one day to knock it down.

They told him that the land, bordered by stately palm trees and overlooking a crescent of dazzling white beach, was not his unless he had a deed to prove it.

"These trees are our trees for a hundred years," Mr. Aniz said. He sat on a mat with a couple of visitors, pouring sweet tea from a battered enamel pot. "Now the Egyptian asks, 'I want paper. Where can I get paper? I think people want to sell the land to rich people.'"

The Bedouin nomads once enjoyed unchallenged possession of the desolate stream beds, wind-sculpted hills and rolling sand dunes of the Sinai Peninsula.

The rhythm of their lives was played out in seasonal migrations on camel and foot. They lived in tents woven from goat hair, tended flocks of sheep and goats, and earned their money smuggling contraband through the limestone canyon.

Loyalties were confined to family and tribe, and rarely extended to the successive owners from Turkey, Britain, Egypt and Israel who claimed political control of Sinai.

Israel's seizure of Sinai from Egypt in 1967 interrupted the free-spirited existence of the Bedouins. Many were clustered into settlements with clinics and schools, the better to monitor them. By 1982, when Egypt had regained the peninsula, it had inherited responsibility for a desert people who had become increasingly sedentary.

The Bedouins, tribesmen whose number in the vast southern Sinai has been reckoned officially at only 12,000, had been seduced from the old nomadic freedoms by the allure of modern conveniences such as cars and electricity.

"I don't want to live in the mountains with the goats like before," Mr. Aniz said. "I want to stay here. We have no people in the villages, enough for a school."

In Nuweiba, a sleepy seaside town on the Gulf of Aqaba, the Egyptians assert that desert Bedouins have grabbed prime beachfront in anticipation that its value will rise once tourism is revived.



Ashish Aniz with his camel outside his home in Nuweiba.

The Bedouins, whose people migrated mostly from Saudi Arabia into Sinai, say the land was divided among their tribes, sometimes after bloody disputes, long before the Egyptians came.

The governor of the southern Sinai, General Mohammed Ned Ed-Ed, said in an interview that the land claims consisted of his government's main problems with the Bedouins.

General Aniz said a law had been enacted recently that would recognize a Bedouin's claim if he could show that he or his forebears had occupied the land since the house. Survey teams would be dispatched to verify the claims.

But local residents have felt frustrated dealing with the Egyptian bureaucracy.

"We have a paper," a woman told Mr. Aniz. "It just says you own it. It doesn't say where or how much."

A year ago, she said, the government sent someone to measure her husband's land. "We haven't heard anything since," she said.

South Africa Says 8,501 Are Detained

The Associated Press

CAPE TOWN — The South African minister of law and order, Louis Le Grange, said in Parliament on Monday that 8,501 people were being detained under the nationwide state of emergency.

It was the first acknowledgment by the government that thousands of people have been detained since the state of emergency was imposed June 12. Mr. Le Grange filed a 171-page report listing the names of the detainees.

Emergency rules prohibit the press from revealing the names.

The government, meanwhile, said on Monday that the African National Congress was responsible for the land mine explosion that killed three black women and two babies Sunday.

Commenting on a series of such explosions, the deputy information minister, Louis Nel, said: "The terror and the tacit support given to the perpetrators of these murders, friends of the Ted Kennedy, Hawkins and Bill Gray, again demonstrate the double standards applied to the ANC."

Senator Edward M. Kennedy, Democrat of Massachusetts, and Representative William H. Gray 2d, Democrat of Pennsylvania, who is black, are supporters in Congress of economic sanctions against South Africa to protest apartheid.

Prime Minister Bob Hawke of Australia and other Commonwealth leaders recently supported sanctions against South Africa.

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WORLD BRIEFS

Thai Deadline Unrealistic, UN Says

BANGKOK (Reuters) — Countries involved in resettlement cannot meet Thailand's year-end deadline for moving 26,000 Cambodian refugees out of a camp it wants to close, the United Nations High Commissioner for Refugees said Monday.

General Walker, the UN spokesman, representative in Thailand, said 5,000 Cambodians at most might be resettled by the end of this year. Thailand said in June that it would close Khao I Dang, near the Thai-Cambodian border, at the end of 1986 and send the refugees to other camps where they would not be eligible for resettlement.

Mr. Walker said in an interview with a newspaper here that embassies involved in resettling the refugees probably could not meet the Jan. 1 deadline and would have to appeal to Thailand for more time. Since 1975, the United States has resettled about one million refugees. Britain, Australia, Canada, France and other countries have also taken in large numbers.

Vietnam Invites Talks With China

BANGKOK (UPI) — Vietnam is ready to talk with China "at any level and anywhere" about normalizing relations, according to a communiqué issued after a meeting of foreign ministers of Vietnam, Laos and Cambodia.

The communiqué, issued last week at the end of a two-day meeting, was broadcast Monday on Vietnam's official radio, monitored in Bangkok.

The statement said the three countries "strive persistently for the normalization of relations and re-establishment of good neighborhoods" with the people of China. China and Vietnam fought a monthlong war in 1979 and have reported frequent border clashes since then.

2 Sri Lankans Freed in Hamburg

HAMBURG (Reuters) — Hamburg police have released two Sri Lankans who admitted organizing a clandestine voyage of 153 Tamil refugees from West Germany to Canada, the public prosecutor's office said Monday.

The two Sri Lankans confessed to arranging the trip and charging the Tamil 5,000 Deutsche marks (\$2,500 each) to take them to Canada. A police spokesman said the two could be charged in connection with smuggling the Sri Lankans out of the country and could face other charges. The spokesman said the two were ordered not to leave Hamburg.

The police also identified the 425-ton freighter *Amigee* as the ship that took the refugees from the north German port of Brunsbüttel to the coast of Canada, where they were left in lifeboats off Newfoundland and rescued by fishermen Aug. 12. A spokesman said the police would like to question the captain and owner of the vessel, Wolfgang Bauder, who denies involvement in the affair. A Bremerhaven port official said the *Amigee* was expected to return there in a few days.

French Assembly Official Visits Tirana

VIENNA (AP) — Jean-François Deniau, deputy chairman of the Foreign Policy Committee of the French National Assembly, completed a visit to Albania on Sunday, the Albanian news agency ATA reported Monday.

Mr. Deniau, who served as foreign trade minister under the former president Valéry Giscard d'Estaing, visited the capital of Tirana as well as Durres, Gjirokastër, Saranda and Kufine. ATA did not provide other details of Mr. Deniau's trip.

Last year, Jean-Michel Baylet, then a state secretary in the Foreign Ministry in Paris, visited the country. Mr. Deniau is a member of a French government to visit Albania at the head of an economic delegation.



Jean-François Deniau

Soviet Ship Carried Heroin, Dutch Say

ROTTERDAM (Reuters) — A huge shipment of heroin seized by the police in Rotterdam two months ago contained a letter addressed to the Netherlands aboard a Soviet ship, the police said Monday.

The 220 kilograms (485 pounds) of heroin, with a street value estimated at \$20 million, arrived in Rotterdam from the Soviet Baltic port of Riga hidden in containers of aluminum.

The Dutch police, led to the shipment after a murder in Amsterdam, believe it was Europe's biggest heroin seizure, but they have not traced the traffickers who sent it.

The spokesman said the shipment was unloaded June 2 from the Soviet freighter *Kapitan Tokmakov*, which left Rotterdam the following day. No approach has been made to the Soviet authorities, the Dutch Justice Ministry said.

Israel to Deport 2 in Sect, Lawyer Says

JERUSALEM (Reuters) — Israel planned to deport two American members of the Black Hebrews sect Monday after they lost a court battle to remain in the Jewish state, their lawyer, Mark Levy, said. He said that four more Black Hebrews would be put on flights to New York later in the week.

The sect, which is based in Chicago, claims to be descended from the Israelites tribe of Judah. Israel disputes the claim and says that members of the sect do not qualify for immigrant status under the Law of Return, which grants automatic citizenship only to Jews.

In April, Israeli authorities arrested and issued deportation orders to 46 members of the sect. In June, the Supreme Court rejected an appeal by the 46 to have the deportation orders canceled.

U.S. Plans New Troop-Defense System

WASHINGTON (Reuters) — Pentagon officials have approved the initial development phase of an \$11-billion plan to protect U.S. ground forces from attack by helicopters and aircraft, the army said Monday.

The army said it hoped to field the forward air defense system, or FAAD, to all of its divisions in 1991. The system would use ground-to-air missiles coordinated by high-technology command-and-control networks. Among components that could become part of the system are fiberoptic guided missiles that can fly six miles from the ground over hills and out of sight of their operators to seek and destroy helicopters.

For the Record

The sixth game of the world chess championship between the champion Garry Kasparov, and Anatoli Karpos was postponed Monday when Mr. Karpos took a time out. The new game is now scheduled for Wednesday. Mr. Kasparov won the eighth game in London on Tuesday and leads by four and a half points to three and a half.

More than 38,000 workers were to end their strike against New York Telephone Co. after their union agreed Monday on a three-year contract. The strike began Aug. 10.

Australia Pulls Out of U.S. Maneuvers

CANBERRA, Australia — Australia, angered by recent U.S. comments about its nuclear weapons, announced Monday that it was pulling out of a planned military exercise with the United States because it could not afford to pay for the defense.

Defense Minister Kim Beazley said participation in the exercise Sept. 5-20 in the Philippines, designated Cape Thunder, had been "deferred" in favor of another exercise in May 1987.

Australian officials, expected to arrive soon on a mission, have voiced resentment over sale of subsidized wheat to China and the Soviet Union, which are also Australian allies.

Foreign Minister Bill Hayden warned Sunday that trade problems with the United States would hamper Australia's ability to maintain its strategic responsibilities.

Mr. Hayden said that the less Australia earned because of losses in wheat sales, "the less money we have to buy defense equipment, to operate in a strategic role and to participate in exercises."

Australia has participated in other Cape Thunder exercises in the past, using Mirage fighters, F-111 bombers and C-130 transports. The deployments are staged out of the U.S. Clark Air Base in the Philippines.

"We won't be able to afford to buy helicopters or fly our aircraft as much as we want to," he said, "or go out on maritime surveillance patrols, which means in turn that the Americans will have to try to fulfill that role more themselves."

Treasury officials in Canberra, the federal capital, said the government had to save money somewhere and that was an obvious area. Australia's Labor government is expected to introduce tough spending cuts and a sharply reduced budget deficit in the coming year.

Prime Minister Bob Hawke has seen his party's popularity slip in the polls to its lowest levels since it swept into office more than three years ago.

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U.S. Burglars Make Out Like Bandits and Police Are Left Behind to Dust

By Todd S. Purdum

NEW YORK — He has lifted fingerprints from woodwork and doorframes, from lacquered jewelry boxes and glass coffee tables — thousands of burglars in the city last year, according to police. But in all that time, Officer William McNally, a fingerprint expert in the 20th Precinct on the Upper West Side of Manhattan, has handled only one case in which stolen property was found and returned to its owner.

"If you don't catch them in the act, it's awful hard to get property back," said Officer Robert Manz, who works with Mr. McNally, dusting black carbon and white chalk powder at burglary scenes in the hope of identifying suspects. "Burglars seem to disappear from the face of the Earth."

Last year, property valued at \$212 million was reported stolen in burglaries in New York City, but only about 32 million was recovered. The police say little of the recovered property is ever matched with its owners.

Last year, 126,028 burglaries were reported in the city, and the odds are that the victim never saw a detective, let alone his possessions or a suspect.

Despite increased efforts by the police in the last five years to respond in person to small residential burglaries, most investigations are closed after no more than a routine visit by a patrol officer and a second visit, within several days, by a fingerprint-taker like Mr. McNally.

Even when fingerprint officers respond, they are able to take only one print in only 10 cases. Of

those, about 3 percent result in arrests. However, there are arrests in many other cases when fingerprint officers are not involved.

Unless someone was home during the crime, or there are other witnesses, or more than 25,000 in property was taken — \$10,000 in Manhattan — or unless the burglary appears to have been part of a neighborhood pattern, detectives do not investigate.

Of the 126,028 burglaries reported in the city last year, about 70 percent were taken — \$10,000 in Manhattan — or unless the burglary appears to have been part of a neighborhood pattern, detectives do not investigate.

The arrest rate is worse in large cities like New York, according to the Federal Bureau of Investigation. Nationwide, about 14 percent of reported burglaries are "cleared" by arrests of suspects, while in cities with populations of more than one million, only about 10 percent are cleared. In cities with populations under 10,000, the clearance rate is 17 percent.

After declining 39 percent, from a record 207,931 reported burglaries in 1981 to last year's total, burglary, like reported crime in general in the city and nation, has been rising in recent months. It is down 2.8 percent in the first five months of this year in New York from the like period in 1985.

Part of the difficulty of recovering stolen property, the police say, is that burglars — typically young men in their 20s, who commit as many as five thefts a day — work quickly to dispose of their loot through a network of middlemen, for fences, and tracing the property becomes difficult. Among the items most often stolen are videocassette recorders, cameras, stereo and jewelry.



A brick wall collapsed onto a car during the storm in Nags Head, North Carolina.

Storm Kills 4 on U.S. Atlantic Coast

The Associated Press

OCEAN CITY, Maryland — A hurricane designed to hit the U.S. Atlantic coast Monday, churning the ocean and forcing the evacuation of thousands of coastal residents after dumping torrential rains on North Carolina's Outer Banks.

The storm, with 75-mph (121-kph) winds was blamed for at least four deaths, the authorities said. By midnight, as the hurricane headed northwest over cooler waters, its power was diminishing.

The death toll included three persons aboard a small plane that crashed Sunday into the Chesapeake Bay near Baltimore during a storm spawned by the hurricane.

A Mantoloking, N.J., woman died when her car apparently slipped into a canal Sunday on an Outer Banks highway, the state police said.

The hurricane caused power outages and flooding of up to three feet (almost one meter) Sunday on North Carolina's Outer Banks, but little damage. As many as 10,000 tourists and residents fleeing the sand islands jammed roads to the mainland for a brief evacuation.

The hurricane knocked down trees and signs in Virginia Sunday evening and left about 110,000 people without power, the authorities said.

Hurricane warnings were in effect Monday from Cape Charles, Virginia, to Sandy Hook, New Jersey. Less severe hurricane warnings were in effect from Sandy Hook to Chatham, Massachusetts.

KOREA: South Is Increasingly Questioning Need for Authoritarian Rule

(Continued from Page 1)

the government and the opposition.

The country today has the institutions of democratic government, but power centers on one man, Mr. Chun. As an army general, he seized control in stages after the 1979 assassination of another general-turned-president, Park Chung Hee.

When citizens in the city of Kwangju, an opposition stronghold, rose up in revolt in 1980, Mr. Chun sent in troops. By official count 191 people died.

Later he left the army, declared himself president and then wrote a new constitution and ran for a seven-year term. To no one's surprise, he was re-elected.

Today, South Korean television portrays Mr. Chun as a remote, benevolent man who dispenses wisdom. Nightly, he is seen visiting construction sites, factories or military outposts to exhort new effort.

Yet he showed flexibility in agreeing to negotiate constitutional change. In a few corners of society he has allowed more freedom of thought than did President Park. Most important, he has promised to leave office voluntarily in 1988; even the opposition politicians now believe him, although they say he intends to keep control from behind the scenes.

"His goal is to win respect in the history books," said a Western diplomat. Mr. Chun is determined that the world will be impressed when it looks on South Korea for the 1988 Olympics. This could be a crucial moment in how he handles the opposition, making him more reluctant to deal out force and repression as the date approaches.

Ultimately, Mr. Chun justifies all of his controls by the threat from North Korea. The opposition rejects that logic.

"For more than 30 years, we've been hearing about this invasion, but it's never happened," said Kim Young Sam, a senior opposition politician.

He and others suggest that authoritarian rule undermines security by sapping public morale. Democratic government, the opposition argues, would make people feel that they had something to fight for. West Germany, with its stable democracy, prosperity and comparative lack of fear of East German attack, is cited.

Mr. Chun is under fire from three groups: opposition politicians, church organizations and radical students. They work in loose alliances, not fully trusting one another but willing to cooperate to replace the man they call a military dictator.

The opposition politicians are grouped into the New Korea Democratic Party, which controls 90 of the 275 occupied seats in the National Assembly.

Many of its members have gone to jail for their beliefs. Early this year the party concluded that the assembly was a dead end for its goal of replacing Mr. Chun and moved onto the streets with a nationwide national protest drive to demand a constitutional amendment for direct presidential elections.

The current electoral college system is open to manipulation by the "dictatorship," they say.

They were joined by many members of the 10-million-member Christian community, which is a force for social change. Protestant ministers praised the drive before their congregations. Catholic priests joined the petition en masse at Myeongdong Cathedral in Seoul.

Mr. Chun at first responded with arrests and suppression. Then he surprised many people by taking an unusual step back.

On April 30 he invited opposition party leaders to lunch at his heavily guarded official residence, the Blue House, and agreed to begin negotiating the change. A joint commission to negotiate the change in the National Assembly, and the opposition party has called off its pet campaign.

The students have not, however, been in universities in South Korea. Probably fewer than 10,000 take part in the annual mass rallies that are played out almost daily on campuses.

The students began stepping up pressure in May last year, setting buildings, sending "ideology" letters to farmers and other students, attacking police lines.

Labor groups picked up the pace, too. Radicals appear to have planned the May 3 riot in Incheon, the most serious civil disturbance in South Korea since the Kwangju revolt of 1980.

The police have responded with words of arrest. In May last year, there were about 125 people detained by the opposition as political prisoners. Today the figure is 1,150, with no end in sight.

The radicals also have the United States intensity.

"You can't say our nation is independent," said an activist. Seoul, Americans and Japanese are held to exact strangulation control over the economy and the government.

Anti-American views were reinforced in May when Secretary of State George P. Shultz, on a conference during a visit to Seoul, expressed satisfaction with Mr. Chun's pace toward democracy and questioned whether the presidential elections were really the key to democracy.

Pressure from Washington for new trade concessions from South Korea has also kindled anti-American feelings.

This has not stopped the opposition from dreaming of the day when Washington will drop its support for Mr. Chun, the way it moved away from President Marcos in the Philippines.

U.S. officials argue that their influence in South Korea is overstated. In general, they counsel the government in the direction of moderation, arguing that suppression of dissent will only benefit the radicals.

For the present, the trace between the government and the opposition is holding.

Mr. Chun's Democratic Justice Party, however, has taken over much of the opposition's rhetoric. Its spokesmen say that events of the spring made them see the light, that "one-man rule" is the chief political problem here.

It is proposing a cabinet form of government, with a prime minister to be selected by the National Assembly.

"The opposition party, meanwhile, is crying foul. It continues to demand a system headed by a directly elected president, saying that Mr. Chun's group could assume the role of the assembly but not a direct vote.

"We need strong government to effectively control the military and to have a strong defense posture against the North Korean threat," declared Kim Dae Jung, a leading opposition figure.

Whether the South Korean military would submit to that "control" remains the great unanswered question.

It generally rarely meddles in day-to-day politics. But by many accounts, they would quash any arrangement that radically altered their idea of good government.

Heavy Opposition Expected Before Adoption of Tax Bill

By David E. Rosenbaum

New York Times Service

WASHINGTON — Leading congressional advocates and opponents of the historic tax revision bill that House and Senate negotiators have approved said Sunday that the measure would almost certainly be enacted this fall but not without further struggle.

The bill would bring about the most comprehensive restructuring of the federal income tax law since World War II. Its provisions would be felt in nearly every household and business and throughout the nation's economy.

In a statement from Santa Barbara, California, where President Ronald Reagan is on vacation, he said the conference agreement Sunday "satisfies my requirements for a bill that will be passed."

He called it "a triumph for the American people and the American system, good for the economy and good for the taxpayer."

The measure, if approved, will generally become effective Jan. 1, and the new tax rules will first be reflected in tax payments due in April 1988.

When Congress returns from its three-week recess, the legislation will face single up or down votes in the House and Senate, with no amendments expected.

Senator John C. Danforth, Republican of Missouri, the most outspoken critic of the tax package at the final meeting of the conference committee, said he would try to organize other lawmakers and commercial interests against the bill.

The conferees, led by Senator Ronald Reagan, Representative Dan Rostenkowski, Democrat of Illinois, did not reach final agreement until nearly midnight Sunday.

Two days earlier it appeared that the effort might come unstirred. A \$17-billion, five-year shortfall arose Thursday night when new revenue estimates became available.

But this proved not to be as difficult to overcome as feared. Staff members said the money was found mostly by adjusting tax brackets and by taking small amounts from many different deductions.

Preliminary counts in the House show that a sizable majority of Republicans and many Democrats, led by the majority leader, Representative Jim Wright of Texas, plan to vote against the measure.

The bill follows the same principles as the legislation the president submitted to Congress last year. The bill dramatically lowers tax rates and eliminates or restricts many deductions and other tax preferences.

It would raise business taxes by about \$120 billion over five years and reduce the taxes paid by individuals by a like amount, just as Mr. Reagan urged. But the bill differs from Mr. Reagan's plan in many important respects.

The conference agreement would retain deductions for state and local income and property taxes; the president would have disallowed them.

It would raise the maximum tax rate on capital gains to 28 percent from 20 percent; the president would have lowered that rate. It would sharply restrict the availability of deductions for contributions to Individual Retirement Accounts; the president would have expanded the deductions.

Perhaps most important, the tax relief contained in the legislation is more heavily weighted toward taxpayers with low and modest incomes and is much less favorable to the well-off than the president's plan.

Under the bill, taxpayers with incomes above \$200,000 a year would receive a tax cut averaging about 2 percent a year after next year, compared with about 1.1 percent under the Reagan proposal. That is true largely because of the way the bill would raise taxes on capital gains and end tax shelters.

While almost nine taxpayers in 10 would eventually pay lower taxes under the bill than they would if the existing system were unchanged, most people with incomes above \$75,000 face a tax increase on next year's income.

For those with incomes of \$200,000 or more, next year's increase will exceed 10 percent.

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For those with incomes of \$200,000 or more, next year's increase will exceed 10 percent.

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Herald Tribune

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... the Bottom of a Well

Crude oil prices fell from more than \$30 a barrel to less than \$10 a barrel in six months. A shaky agreement by the OPEC cartel to cut supplies sent prices back to about \$15 last week. Which of these movements helps the world? Optimists differ strongly. Truth, said Democrats, lies at the bottom of a well.

When the Organization for Petroleum Exporting Countries raised prices steeply in 1973 (OPEC I) and again in 1979 (OPEC II) the effects on the world were disastrous: Inflation soared and growth plummeted. The recent price collapse is thus viewed by some analysts as a dynamic development, with cheaper fuel attenuating inflation while enabling people to spend more on other things. But others argue that, in a world of rampant inflation, the falling income of the oil producers will breed world deflation, and that the recent recovery of the oil price puts some sort of floor under global demand.

The truth, in the short term, seems to be that when an important price changes, economic growth falls faster in the afflicted countries than it does in the beneficiaries. This was as true when oil prices collapsed this year (OPEC III) as it was after OPEC I and II. Eventually, one supposes, demand in the afflicted countries will rise, offsetting the present drag caused by the impoverishment of oil exporters.

But on a worldwide basis it is not clear that falling oil prices will make economic activity higher than it would have been had those prices stayed stable. This would happen only if the marginal propensity to spend were higher in the oil-exporting countries than in the OPEC nations, or if governments seized the chance of falling oil prices to relax their anti-inflationary policies. Both are improbable.

INTERNATIONAL HERALD TRIBUNE

Shuffle on the Shuttle

Six months after the loss of the space shuttle Challenger, the White House is ambled to a sort of decision on whether to replace it. It is not a real decision, just a way to keep shuffling forward without a longer space policy.

The original issue, lost in the shuffle, was whether to build a replacement orbiter in three years. That would have cost real money and forced a decision on NASA's future. Instead, the White House has opted for an orbiter that will not fly until 1992.

No big down payments are needed immediately. NASA can continue to fly the shuttle, paying for orbital flights with too much of the agency's budget, leaving little for expendable rockets, for a reasonable unmanned vehicle, or for pushing the frontiers of technology as NASA once did.

The shuttle, intended to be a cheap, reliable means of putting payloads in space, has proved horrendously expensive and a hazard to its crew. NASA once did concede that very point by banning most commercial satellites as future cargoes, repudiating the chief purpose of the shuttle fleet as it chooses to expand its use, settling for a fourth orbiter. Mr. Reagan has mortgaged NASA's future to its past.

How did such a difficult decision come about? Probably because the Office of Management and Budget only cared that NASA not spend more, because the Pentagon felt it might as well have an orbiter if someone else paid, and because NASA

— THE NEW YORK TIMES

Congress: Status Report

Congress has gone home for three weeks with most of the year's important business still undone. The argument can be made, and will be, that it is leaving behind a mess. We are not so sure.

The one view will be that Congress has passed 10 of the 13 appropriations bills for next year, and with few exceptions they pass this year. The Senate, for its part, is likely to bundle most of its bills into one.

The reconciliation bill, the most important of the year, has been passed by the House. It is a bill to change the way the deficit is calculated, and it is a bill to change the way the deficit is calculated.

There are four legislative weeks left until the next fiscal year, and not a single appropriations bill has been enacted. The supposed savings in the appropriations bills cover programs outside the appropriations process are evaporating. The tax conference has reached agreement. But enormous differences remain between the houses, and between both houses and the president, on military spending. While several other important bills have reached the conference stage, the conference has reached no agreement on none. And on the strength of these accomplishments the members are going off to vacation and campaign.

Here is a different view. The two houses have adopted a budget that commits Congress to an enormous swing in fiscal policy, from an expected budget deficit of \$20 billion this year to \$155 billion in the year ahead.

The main element in this is a leveling-off of the military buildup—and while President Reagan continues to protest, and there

— THE WASHINGTON POST

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OPINION

In a Trade Crisis, Soviet Rethinks Arms Plans

By Jan Yanov

This is the first of two articles.

WASHINGTON—The Soviet Union is facing a severe trade crisis, one that could force major changes in its foreign and domestic policies. The crisis stems from the collapse in oil prices on the world market, which has meant an unprecedented shortfall in hard-currency export earnings for the Soviet Union and a prospective decline in trade earnings from exports to Eastern Europe.

The fall in export earnings, in turn, is forcing Moscow to reduce its imports of Western machinery and equipment and to limit imports of these goods from Eastern Europe over the next five years. The downward slide of exports and imports threatens Mikhail Gorbachev's ambitious modernization program. Just to maintain imports at last year's level, the Soviets probably will have to borrow \$23 billion from the next five years, nearly doubling their heavy foreign debt.

Even with this gross foreign debt, Moscow will not be able to cover increased imports of Western machinery to modernize the economy. To save the modernization program, Mr. Gorbachev will have to change the division of the economic pie, cutting the growth of arms production to free capacity for production of civilian machinery.

Mr. Gorbachev's realization that he soon will have to choose between modernization and arms production is a stark reality. It has forced him to show much greater flexibility in arms negotiations. If the Reagan administration does not withdraw its demand for the temporary suspension of play it tough, it can probably secure major concessions in arms bargaining.

Mr. Gorbachev's economic strategy has four basic objectives, at least three of which are threat-

ened by the trade crisis. The goals include:

• Accelerating economic growth. The plan for 1990 calls for yearly growth of 6.5 percent, compared to 4.1 percent in 1985.

• Improving labor productivity. Soviet leaders agree they need better management, a more enthusiastic and better disciplined labor force, and above all, new investment in plant and equipment.

Gross investment in fixed capital is slated to rise 10 percent this year, remain steady in 1987, then increase by 1 percent per year from 1988 to 1990. Initially was hoped that sharply increased imports of capital goods from Eastern Europe and the West would be key ingredients of the modernization program. But the collapse of Soviet hard-currency export earnings and mounting difficulties in trade with Eastern Europe are pushing the Soviets to rely mostly on domestic resources.

• Improving production. Most Soviet products are outdated in design, break down too often and waste valuable inputs such as metals and energy. The quality of Soviet production will be given much greater attention. The Soviets would find it easier to raise production standards to Western levels if they could purchase new capital equipment from the West.

Assuring an adequate Soviet defense capability. Mr. Gorbachev will not sacrifice this issue simply to improve the performance of the civilian economy. But the Soviets appear inclined to offer more flexibility in arms negotiations in order to cut their defense imports and avoid having to mount a full-scale counterpart to the Strategic Defense Initiative.

As a major oil exporter, the Soviets have been stung by the sudden decline in oil prices. Oil and gas account for 60 percent of their exports to the non-Communist world.

As of mid-1986, they are receiving \$10 to \$12 per barrel, down 60 percent from a average of \$27.50 per barrel in the fourth quarter of 1985. Since then, oil prices are also falling rapidly, and the Soviet trade crisis is compounded by their terms of trade.

The Soviet trade crisis is compounded by the sharp drop in the value of the dollar. That is because most Soviet imports are priced in dollars, while the prices of most Soviet exports are based on West German marks, which have risen sharply against the dollar in recent months.

As of July 1986, it took almost five times more marks of Soviet oil to purchase the same amount of West German goods than it did in early 1985, though the dollar price of Soviet oil has fallen by only 60 percent.

The writer is research director of PlanEcon Inc., an economic consulting firm that specializes in the Soviet Union and Eastern Europe. He contributed this column to The Washington Post.

A Two-Handled Monkey Wrench in Arms Control

By Hugh de Santis

WASHINGTON—While the recent exchange of arms proposals between Washington and Moscow may suggest a narrowing of differences in Geneva, it has increased tensions between liberal arms controllers and their opponents in the United States. Arms control advocates such as the SALT-2 negotiator Paul Winkler suspect President Reagan and his hard-line advisers of scheming to enlist the Soviet Union as an accomplice to the abrogation of the ABM treaty.

For the first five and a half years of the Reagan era, liberals and neoconservatives practiced the politics of compromise. The liberals, led by the Arms Control and Disarmament Agency, sought to limit the scope of the arms race. The neoconservatives, led by the Defense Department, sought to strengthen the United States' military position.

But now, the two sides are finding themselves in a more confrontational posture. The liberals are accusing the neoconservatives of a "two-handled monkey wrench" strategy. They argue that the neoconservatives are using arms control as a means to weaken the ABM treaty and to strengthen the Soviet Union's position.

The neoconservatives are responding that they are simply seeking to strengthen the United States' military position. They argue that the liberals are being overly cautious and that the United States must take a more aggressive stance in arms control negotiations.

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unwar on May 27. On that day, Mr. Reagan announced that the United States no longer felt obliged to respect the minimal limitations of the SALT-2. The president, having badly misjudged the allied reaction to the decision, which was probably never intended to be permanent, began to retreat from this position. Liberals nonetheless applauded that the Soviet Union was about to be exposed.

Enter Mikhail Gorbachev. On June 11 the Soviet leader floated an arms initiative in the Geneva talks that proposed a ceiling of 8,000 strategic warheads and 4,800 land-based ballistic missiles, provided the United States agreed to a strengthened Anti-Ballistic Missile Treaty for at least 15 more years. (The United States already has agreed to such a treaty.)

The Soviet offer was no dramatic surprise. It was a continuation of the Soviet position. Moreover, Mr. Reagan considered it a "serious offer." What if the president were suddenly to succumb to Soviet blandishments?

On arms condition that Moscow accept field-testing of components in the interim and, if it proves feasible, testing of missile defenses at the end of the period.

Neither Mr. Gorbachev's June 11 proposal nor Mr. Reagan's counterproposal to the Soviet offer is likely to be accepted. The two sides are finding themselves in a more confrontational posture.

When it is said and done, however, it may be that neither camp wants an arms agreement if it means, in the case of the neoconservatives, the loss of the ABM treaty, or, in the case of the liberals, the loss of the SALT-2.

Ironically, both sides now find themselves in arms negotiations. There may be no endgame in sight.

The writer, senior associate at the Carnegie Endowment for International Peace, contributed this column to The New York Times.

Aid to 'Freedom Fighters' In Ethiopia Is Misguided

By Jerry Tinker and John Wise

WASHINGTON—For several years the CIA apparently has been channeling hundreds of thousands of dollars to dissidents inside and outside Ethiopia who claim to be able to start a democratic resistance movement, which the administration of Mengistu Dethassefide has rejected. According to a press report, one of the group is a post office box in Addis Ababa and another is a "cold" in the Ethiopian capital.

Based on a recent visit to Ethiopia, the writer has been speaking to go. The only freedom fighters in Ethiopia today are the separatist guerrillas fighting for the liberation of the Tigray region of Ethiopia. They are hardly the "democratic" resistance. In each case, the group is a post office box in Addis Ababa and another is a "cold" in the Ethiopian capital.

Ignoring this will only damage the CIA's reputation as a source of influence events in Ethiopia by building on the good will and access it has gained over the years. The result of an extraordinarily generous financial relief effort.

There has been a remarkable change in the famine area. The human tragedy of 1984-85 is ending. Seven million men, women and children are returning to their villages. The obvious success of the aid effort has kindled a welcome pro-American sentiment among Ethiopians.

The U.S. administration is understandably rankled that after dispensing half a billion dollars in food and medicine to Ethiopians, it has been rewarded with a flood of criticism. There are signs suggesting that the worst of the famine may be over.

The CIA has been growing ever more critical of the U.S. role in the relief effort; they are now publicly thanking the United States. Second, Ethiopia has opened its doors to Western and international agencies, and the government has invited American journalists and public officials to visit.

But the CIA is not alone in its support of the Ethiopian resistance. The United Nations, the World Bank, and the UN field coordinators will be able to monitor all sites of the humanitarian relief program.

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Ethiopia Airlines is negotiating a new order with Boeing to augment its all-Boeing fleet. There has been some speculation that the airline is planning to buy a new aircraft. The airline is planning to buy a new aircraft.

Finally, the Ethiopian government is negotiating a long-standing contract with the U.S. to purchase a new aircraft. The airline is planning to buy a new aircraft.

Every American official with whom we talked saw no likelihood that a covert operation could create a democratic resistance in Ethiopia. The most knowledgeable observers criticized the notion. President Carter reportedly shared this view.

In his State of the Union address in February he listed "freedom fighters" in Afghanistan, Angola, Cambodia, and Ethiopia. He listed Ethiopia.

But until the hard-liners in the U.S. administration join their patriotic campaign to arm a neoconservative democratic resistance movement in Ethiopia, opportunities for further improvement in U.S. official relations with Addis Ababa will be denied.

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'Corruppies' And a Crisis Of Loyalty

By William Safire

WASHINGTON—Why have we seen, in the last few years, so much of the sale of national secrets money? A new breed of traitor, traitor has arisen who puts his loyalty to self and profit ahead of his loyalty to his country.

And why have we seen, at the same time, the invasion of Wall Street by the corrupties? These are the incidents with nothing inside, status-worshiping members of a floundering generation who have no sense of loyalty to their country and whose concern is all for the reputations of the investment houses or law firms that employ them.

Why has this been accompanied in Washington by the professionalization of patriotism? Activists become demagogues in a company recently by lobbying to oppose or twist the purposes that brought their administration to power.

The common denominator in this spread of corruption is the decline of institutional loyalty.

For too long we have degenerated patriotism as "superpatriotism," and mocked "my country, right or wrong" as a relic of the past. We focus in fact and fiction on the dramatic tridimensional espionage, forgetting the tediousness of the maintenance of the institution of national security for each.

Steadily, the corporate culture has destroyed the notion of the stability and continuity of the "firm," merging to create empire but, submerging identity. In a company recently acquired by another and taken over by a third, nobody's picture is on the wall, and employees cannot be expected to stay in the same commitment to a graphic arts symbol. Try being loyal to a parallelogram. Result: "The House of" often no longer, the household name used to be an institution as a pit stop on the fast lane.

And in the same way, too many Americans have lost their loyalty to their country and their party and the combination represented. Result: too many traitors.

It seems that the institutional loyalty we have let out of the tub is not such a bad thing. The combat loyalty of the military and the loyalty of the corporate officer and the forced camaraderie of the nation's police departments are the only institutions left that have contributed to a sense of belonging—of ownership and being owned.

The organization was not created to gripe about but also to be proud of. It was not created to gripe about but also to be proud of. It was not created to gripe about but also to be proud of.

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OPINION

orruption
and a Crisis
of Loyalty

By William Safire

WASHINGTON — We have seen in the last few years a kind of corruption that is not only a crisis of loyalty but a crisis of the very fabric of our society. It is a crisis that has arisen with the rise of a new kind of corruption, a corruption that is not only a crisis of loyalty but a crisis of the very fabric of our society. It is a crisis that has arisen with the rise of a new kind of corruption, a corruption that is not only a crisis of loyalty but a crisis of the very fabric of our society.

Thanking Those Who Share the Wealth

By David Broder

WASHINGTON — Privatization is a made-up word, which the ideologues in the Reagan administration and the conservative think tanks apply to the transfer of public functions and responsibilities from government to business, private institutions or individuals. If there is any more awkward construction, I suppose it would be "privatization," which might be applied to the reverse process: the takeover by government of something that has been privately owned or developed.

The lovely paradox is that just when the folks in power are promoting privatization of everything from prison administration to power generation, the administration between the White House and the Capitol is dominated by two spectacular demonstrations of the virtues of, forgive me, "publicization."

On one side of the Mall, the National Gallery of Art is displaying dozens of the great paintings donated to it by Mr. and Mrs. Paul Mellon. Across the way from these masterpieces of French and British art, a bold, brash and bubbling exhibit of modern American and European paintings and sculptures collected by Joseph H. Hirshhorn and left by him to the doughnut-shaped museum he built on the Mall, brightens the scene.

Nothing so repairs the spirit pulverized by politics as a few hours with the Mellon and Hirshhorn gifts. No one can calculate how much they contribute to the serenity and civility of this confused and often crippling capital city.

The Mellon family created the National Gallery of Art. Andrew Mellon started the collection with the gift of 125

"City and Ships," are so vivid they linger in the mind's eye. There is such a dignity in the wild variety of things that caught his fancy that you find yourself wondering into laughter as you turn a corner.

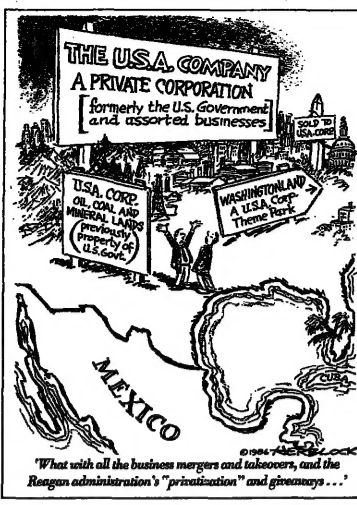
What has all this to do with politics and government? Not much, thankless. Except for this: We live in a time when it is chic to devise lists of things government can hand off to the "private sector" to promote privatization.

It is forgotten that when people give something to the nation and its government, whether it is a magnificent collection of art or something as mundane as taxes, it can be an ennobling and uplifting experience too.

The advocates of "privatization" have yet to establish what their legacy to the nation will be. I hope it is something more than the most cost-effective privately administered prison or the tastier sandwiches in "contracted-out" cafeterias in federal office buildings.

The legacy of those who — what does one say? — have the passion for the arts and culture is here for all to enjoy. Franklin Roosevelt and Jimmy Carter opened the West and East Buildings of the National Gallery. Lyndon Johnson gave ground for the "Great Room Museum." It would be a worthy cause for the friends of the Privatization President, Ronald Reagan, the people who have benefited most from his tax, oil, and military-contraction buildup, to consider what they might give the nation. Surely they don't want their national debt to be his only monument.

The Washington Post



Elegy for the Handkerchief: More Than 'Show or Blow'

By Robert K. Otterbourg

TEANECK, New Jersey — As a part-time historian, I grasp at things past. In making my observations, I have noted that few people are mourning the apparent demise of the versatile handkerchief. The handkerchief symbolizes more than a manufactured square of cotton, linen or artificial fibers. It is a product that surpasses its "show or blow" reputation.

Even Webster's Ninth New Collegiate Dictionary states the versatility of the handkerchief. The dictionary defines it as "a small, usually square piece of cloth used for various useful personal purposes, as blowing the nose or wiping the eyes, or as an accessory on one's person. Despite such praise, it appears from all indications that the handkerchief is falling victim to the omnipresent tissue. And with this surrender, something will have been lost to society.

The handkerchief is far more than a nose-wiper. It is a utility household product for use by young and old alike, and the one fashion item that never needs equal opportunity protection. No matter what product that so simply provides health care, fashion, sports, religion and patriotic usage.

Going about suburban household chores, one can easily recall the nicked

MEANWHILE

handkerchief. The dictionary defines it as "a small, usually square piece of cloth used for various useful personal purposes, as blowing the nose or wiping the eyes, or as an accessory on one's person. Despite such praise, it appears from all indications that the handkerchief is falling victim to the omnipresent tissue. And with this surrender, something will have been lost to society.

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Going about suburban household chores, one can easily recall the nicked

LETTERS TO THE EDITOR

Don't Blame the Marrocos
Regarding "Filipino Elks Out of a Major Living" by Seth Meyers (Aug. 5):
The report on poverty in the rural Philippines underestimates the fact that the Philippines is a country of ignorance and superstition, neglect and greed, and cannot simply be blamed on the Marcos government, as the American government is the American government. The Philippines is a country of ignorance and superstition, neglect and greed, and cannot simply be blamed on the Marcos government, as the American government is the American government.

More on a Chinese Scientist
Regarding "Deng Xiaoping, Director of China's Arms, Dies" (Aug. 5):
I am sorry to learn that Deng Xiaoping has died. Perhaps for security reasons, little has been revealed of his past; his photo was shown to the outside world only when the People's Daily reported his death. His contribution to China's first atomic bomb and hydrogen bomb was only reported briefly by the People's Daily on June 24, perhaps in anticipation of his death. Here is some information regarding his death: Deng Xiaoping was born in 1904 in Xiangyang, Henan Province. He studied in the United States and returned to China in 1925. He was a member of the Chinese Communist Party and played a key role in the Chinese Revolution.

Angola Raid Is Explained by Prisoner
By Sheila Rule
LUNDA, Angola — An imprisoned captain in the South African Defense Force reiterated here Monday that a South African commando raid carried out on an abortive attack on a U.S. oil installation here to aid rebels fighting the Angolan civil war. The captain said the raid was carried out on an abortive attack on a U.S. oil installation here to aid rebels fighting the Angolan civil war.

Why Fear Unruly?
Regarding the cartoon "Reagan's Jar Wars" by William Safire (Aug. 14):
William Safire is outraged by President Reagan's endorsement of analysts to reduce drug abuse. He says it violates the fundamental right of Americans against unlawful search, and implies that it is better to have drug dealers (there were 600 last year from cocaine alone) than this "coercion."

What he also should enjoy all of Mr. Norman's attributes, plus charisma. It is apparent that he does not much enjoy playing in the United States, except to go over and win more "majors." The reaction of U.S. officials has been to ban him for a year. The American public has been deprived and television must be desperate for a dominant star.

ERNEST MENDELSON
London



A common sight in areas of Africa, where river blindness is endemic, is of blind men, usually over 30, being led by children who are infected and are themselves going blind.

Advance Reported on River Blindness

WHO Says Tests Show New Drug Treats Effects of Disease

By Lisa Schleifer
International Herald Tribune
GENEVA — A drug to prevent blindness in people suffering from onchocerciasis, known as river blindness, has been tested successfully by scientists at the World Health Organization and Tropical Disease Research Program.

WHO, a United Nations agency, says that about 40 million people suffer from the disease and estimates that 85.2 million people are at risk of contracting it.

Ivermectin, produced by the U.S. pharmaceutical company Merck & Co., has been used for the treatment of parasitic diseases in animals since 1981.

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LUNDA, Angola — An imprisoned captain in the South African Defense Force reiterated here Monday that a South African commando raid carried out on an abortive attack on a U.S. oil installation here to aid rebels fighting the Angolan civil war. The captain said the raid was carried out on an abortive attack on a U.S. oil installation here to aid rebels fighting the Angolan civil war.

OIL & MONEY IN THE EIGHTIES

AN INTERNATIONAL HERALD TRIBUNE OIL DAILY CONFERENCE, LONDON

OCTOBER 23-24, 1986

"The third era" will be the theme of the seventh International Herald Tribune Oil Daily conference. This year's program will focus on the collapse of oil prices in 1986 and assess the future outlook for the oil industry.

KEYNOTE ADDRESS
Sheikh Ali Khalifa of Sabah, Minister of Oil, Kuwait
The INTERNATIONAL OIL MARKET
Helga Steinhilber, Executive Director, International Energy Agency, Paris
THE THIRD ERA: NEW OUTLOOKS
James E. Aldrich, Economic and Political Consultant, SUPPLY AND DEMAND: THE SHIFTING PERSPECTIVE
Jean Carrière, Director, Total S.A.
Harbert Goodman, President, Gotsis, NY
Moderator: John H. Lichstein, President, Petroleum Research Industry Foundation
PRICING FORMULAS: A NEW MARKET FORCE
Pedro Torres, Director, Petroleum Economics, Amoco
Philip K. Werlinger Jr., Visiting Fellow, The Institute of International Economics
Moderator: Rosemary McCadden, President, NYNEX
THE IMPACT ON MAJOR INTEGRATED COMPANIES
C.J. Silles, Chairman, Phillips Petroleum Co.
M. Steven Robinson, President, Shell International Trading
CAN SMALL EXPLORATION AND PRODUCTION COMPANIES SURVIVE
J.G. Cluff, Chairman, Cluff Oil Co.
Robert Shaw, Chairman and Managing Director, Premier Consolidated Oilfields Inc.
Moderator: George Barrie, Vice President, U.K. Offshore Operators Association
CHEAP OIL AND MIDDLE EAST POLITICS
C. J. Silles, Chairman, Phillips Petroleum Co.
Moderator: Nicholas G. Youle, Oil Consultant

Iran Attacks Tanker in Gulf

On Sunday an Iranian helicopter attacked a chemical tanker in the Gulf for the second straight day on Monday, shipping sources said, and Iran reportedly said its warplanes had also struck again.

Shipping sources in the region and the Iranian attack set the 100,000-ton tanker, the American ship, ablaze about 50 nautical miles off the coast of the United Arab Emirates.

Several minutes later the vessel, one carrying a fully loaded oil tank in the bow and starting a fire, they said. There were no casualties among the Spanish and Filipino crew of 39, according to the sources.

Angola Raid Is Explained by Prisoner
By Sheila Rule
LUNDA, Angola — An imprisoned captain in the South African Defense Force reiterated here Monday that a South African commando raid carried out on an abortive attack on a U.S. oil installation here to aid rebels fighting the Angolan civil war. The captain said the raid was carried out on an abortive attack on a U.S. oil installation here to aid rebels fighting the Angolan civil war.

Registration Information
To register, please complete and return the registration form today. The participation fee is £250 or the equivalent in a convertible currency for each participant. Fees are payable in advance and will be reimbursed in full for any cancellation that is postmarked on or before October 10.

Please return the registration form to: International Herald Tribune, Conference Office, 63 Long Acre, London WC2E 9JH or telephone (441) 836 4802 or telex 262005

Conference Location
Royal Garden Hotel, Grosvenor Street, LONDON W8 4PT, Telephone (441) 937 8000. Telex: 263151. A block of rooms has been reserved for conference participants. Please contact hotel directly.

CONFERENCE REGISTRATION FORM
Please send the following information for the oil conference:
☐ Please invoice. ☐ Check enclosed

SURNAME: _____
FIRST NAME: _____
POSITION: _____
COMPANY: _____
ADDRESS: _____
CITY/COUNTRY: _____
TELEPHONE: _____ TELE: _____

NYSE Most Actives					
Vol.	High	Low	Last	Chg.	
IBM	122.50	122.00	122.00	+0.50	
AT&T	48.00	47.50	47.50	+0.50	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	

Market Sales					
NYSE	122,500,000				
NYSE	122,500,000				
NYSE	122,500,000				
NYSE	122,500,000				
NYSE	122,500,000				
NYSE	122,500,000				
NYSE	122,500,000				
NYSE	122,500,000				
NYSE	122,500,000				
NYSE	122,500,000				

NYSE Index					
Composite	122.50	122.00	122.00	+0.50	
Composite	122.50	122.00	122.00	+0.50	
Composite	122.50	122.00	122.00	+0.50	
Composite	122.50	122.00	122.00	+0.50	
Composite	122.50	122.00	122.00	+0.50	
Composite	122.50	122.00	122.00	+0.50	
Composite	122.50	122.00	122.00	+0.50	
Composite	122.50	122.00	122.00	+0.50	
Composite	122.50	122.00	122.00	+0.50	
Composite	122.50	122.00	122.00	+0.50	

NYSE Diary					
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	

Dow Jones Averages					
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	

Standard & Poor's Index					
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	
Indus.	122.50	122.00	122.00	+0.50	

NYSE Most Actives					
Vol.	High	Low	Last	Chg.	
IBM	122.50	122.00	122.00	+0.50	
AT&T	48.00	47.50	47.50	+0.50	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	
Amgen	110.00	109.00	109.00	+1.00	

NYSE Stock Index					
High	Low	Close	Chg.		
27.65	26.25	27.55	+1.30		

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Blue Chips Rally, NYSE Mixed

NEW YORK — Prices on the New York Stock Exchange were mixed Monday in moderate trading, but blue-chip issues, led by International Business Machines Corp., staged a late rally.

The Dow Jones industrial average, which climbed 72.98 last week, closed up 13.92 to 1,869.52.

But declines led advances by an 8-to-7 ratio. Volume was 1,122 million, down from the 123.5 million traded on Friday.

Prices were mixed in moderate trading of American Stock Exchange issues.

Some analysts said that end-of-session organized buying programs accounted for the rise in blue chips. Oil stocks continued to provide significant support.

Middle South Utilities, topping the most-active list with more than 24 billion shares traded, rose 1/4 to 149.

ICN Pharmaceuticals, the second-most-active stock, fell 2 1/2 to 28 1/2. Analysts said that the stock was the target of some profit-taking after rising considerably last week. Last Wednesday, ICN was recommended by Faine Webber based on an outlook for stronger 1986 earnings and the potential of its new anti-viral drug.

IBM rose 2 1/2 to 135 1/2. Traders said that some on Wall Street had favorably changed their opinion about IBM's earnings prospects following an Aug. 13 filing with the Securities and Exchange Commission on the company's first-half results.

Programmed buying about an hour before the close of the market sent blue chips higher, said Monte Gordon of Dreyfus. "But the vol-

ume was very light and the focus was almost entirely on IBM," he said.

IBM led the way for the blue-chip issues. Mr. Gordon said optimism that action would be taken to improve the economy and the feeling that IBM as a stock was undervalued had combined to attract buyers.

"Computer companies, paper, those that would be helped by the economy, are attracting buyers," he said. "With oil prices up, fears of recession have been reduced."

Michael Metz of Oppenheimer, also citing IBM and the paper stocks, said that the economically sensitive issues were doing better and would get additional help from the lower dollar. "It reflects greater confidence that the economy will turn up," he said.

Mr. Metz said he expects some degree of consolidation for the short-term after the recent ascent. But, he said, "it looks like the next move in interest rates will be a cut in concert with the Germans and Japanese." That should keep the enthusiasm in the market, he said.

The three blue-chip oil stocks continued their upward trend as oil prices moved higher. Chevron rose 1/4 to 43 1/2, Tenco 1 1/4 to 31 1/2 and Exxon was up 1/2 to 67 1/2.

Precious metal stocks declined as gold prices fell. Low U.S. inflation and a firm dollar undermined the metal.

Speculation that the Soviet Union would sell gold to get foreign currency and that South Africa would intensify its sales added to the negative sentiment about gold.

Newmont Mining fell 1/4 to 49 1/2 and Giant Yellow Mountain fell 1/4 to 13 1/2.

NYSE Most Actives									
Vol.	High	Low	Last	Chg.		Vol.	High	Low	Last
IBM	122.50	122.00	122.00	+0.50		Amgen	110.00	109.00	109.00
AT&T	48.00	47.50	47.50	+0.50		Amgen	110.00	109.00	109.00
Amgen	110.00	109.00	109.00	+1.00		Amgen	110.00	109.00	109.00
Amgen	110.00	109.00	109.00	+1.00		Amgen	110.00	109.00	109.00
Amgen	110.00	109.00	109.00	+1.00		Amgen	110.00	109.00	109.00
Amgen	110.00	109.00	109.00	+1.00		Amgen	110.00	109.00	109.00
Amgen	110.00	109.00	109.00	+1.00		Amgen	110.00	109.00	109.00
Amgen	110.00	109.00	109.00	+1.00		Amgen	110.00	109.00	109.00
Amgen	110.00	109.00	109.00	+1.00		Amgen	110.00	109.00	109.00

NYSE Stock Index									
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Amgen	110.00	109.00	109.00	+1.00		Amgen	110.00	109.00	109.00
Amgen	110.00	109.00	109.00	+1.00		Amgen	110.00	109.00	109.00
Amgen	110.00	109.00	109.00	+1.00		Amgen	110.00	109.00	109.00
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NYSE Stock Index									
High	Low	Close	Chg.		High	Low	Close	Chg.	
27.65	26.25	27.55	+1.30		27.65	26.25	27.55	+1.30	

Continued on next left-hand page

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

Stock	Div.	Yld.	P/E	Siz.	100s	High	Low	Close	Qual.
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[illegible]

United Press International
NICOSTA — Saudi Arabia is taking signif-

Other members of the Organization of Petroleum Exporting Countries also have been moving to lower their September output to the quota levels stipulated in the interim accord, the pub-

Shell, another major client, asked for 900,000 barrels a day of Saudi crude in August and "vigorously resisted Saudi efforts to secure a

Saudi Arabia reacted by restricting Shell to the volume specified in its original contract, meaning Shell's August liftings would be less than 450,000 barrels a day, MEES said.

Under the OPEC cutback accord, member nations — except Iraq — agreed to restrain production during September and October to within the limits of their former OPEC output quotas. Saudi Arabia's quota amounts to 4.35 million barrels a day.

The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (bi) - bi-monthly; (r) - regularly; (i) - irregularly.

Mot Trust SA	\$ 237.95	(-W) 100 term	LLUYS BANK PLC	Pure cap investm	(+W) Asian International Fund
CULIUS BAER & CO. L.A.		FSC MGMT. LTD. INV. ADVISERS	+W Lloyds Int'l Dollar	SF 121.80	(+W) Arab Finance I.F.
		1, Laurence Poutry Hill ECA #1-623-4688	+W Lloyds Int'l Europe	SF 142.40	(+W) Arfonia
		(-W) FSC Atlantic	+W Lloyds Int'l Growth	SF 184.20	(+W) Asia Pac. Growth Ed N.V.

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Ann. 12 | Institute (Mtd) | Province

Dollars	Bulgaria 0099/01	7	1
	Bulgaria 101/02	4	02

[illegible]

DM - Deutsche Mark; BF - Belgium Franc; FL - Dutch Florin; LF - Luxembourg Franc; ECU - European Currency Unit; SF - Swiss Franc; + added; + Offer Price; - Mid-Chart
PV 250 to 1 per unit; N.A. - Not Available; N.C. - Not Commenced; New - Issued; S.B. - Stock Split; G.O. - Guaranteed; + Ex-Gratia; + Gross Performance Index December;
FPM - First Loss; Ex-Quota; + Formerly Warrants Paid Lqd. + Offer Price \$2.50 units; chd. - daily stock price on the Amsterdam Stock Exchange

FOREIGN & COLONIAL		Japanese Yen	
MANHOMVEST DISCRET LIMITED	100%	Handmade Silk Y. Gae	75
14 MILCASTER STREET, HONG KONG	100%	Handmade Silk Y. Gae	75
TEL 00247471	100%	Handmade Silk Y. Gae	75
FOR CREDIT & C/FUNDING	100%	Handmade Silk Y. Gae	75
INTERNATIONAL FUNDS LIST	100%	Handmade Silk Y. Gae	75

SOUTH AFRICA: U.S. Companies Disinvest but Keep a Foot in the Door

(Continued from first finance page)

the wide range of electrical, electronic and industrial products, is ships to Genwest Industries, a subsidiary it sold to nine South African engineers in April. OTC products and parts sales up 95 percent since Genwest's managing director, Rob Hoffman.

It seems to be a good arrangement for the parent company, which is getting the same prices for its products under the distribution agreement that it got when it owned Genwest. But no longer takes the losses that Genwest has suffered for two years.

VT sold its subsidiary, Berkshire International — the South African distributor of Lee Jeans — to Cordell Tilney, the chairman of Berkshire, for 1.1 million rand, or about \$200,000. But the payment of the purchase price, plus interest, has been deferred until 1988, and Lee products still account for three-quarters of Berkshire's sales.

In another recent transaction, Bell & Howell Co. sold its two local subsidiaries, both owned since 1981, to a South African company, Bell & Howell retained technology and distribution

contracts worth about \$12 million a year, local executives said.

The sale allows Ronnie Price, now to buy the Bell & Howell subsidiary in South Africa, the price that the subsidiaries paid before the sale. At one unspecified future date, price will rise to what other distributors pay.

The sale has not yet had much impact on Bell & Howell's cash flow from South Africa, said McDonald, Collins, manager of corporate information, stresses that Bell & Howell has no control over marketing. "It is not a shadow business," he said.

Anti-apartheid activists are unhappy about disinvestment in which not much changes.

"If resources are simply being recycled around, then the impact has been adulterated," said Daniel Purnell, executive director of Philadelphia's International Council for Equality of Opportunity Principles, Inc., which monitors the South African divestment drive.

Many Murnighan, president of the social-investment division of

Mitchell Investment Management, Cambridge, Massachusetts, says it is hard to know whether a company is getting out of South Africa, or just "doing an end run" around the principle of divestment.

"An economic connection is usually a direct economic involvement," said "Licensing agreements sort of erase the direct connection. You have to really monitor this."

Most companies are disposing of their businesses at a price that is fair by local market standards, according to merchant bankers who have participated in such transactions. Except in a few cases, they say, the so-called "fire sales" expected from politically motivated withdrawals have been avoided.

"They haven't been giveaways," said Andre Roux, an assistant general manager at Barclay Merchant Bank who has handled several disinvestment sales. "What we're finding is that the divestment drive is around net asset value."

South Africa has two different exchange rates — the continental rand is worth 38 cents; the financial rand, only 20 cents — that prevents disinvestment from the seller's market.

So far, disinvestment has not meant much loss of jobs. Genwest has laid off 200 of its 700 workers since the sale, but executives say they would have taken the action in any case because of poor sales.

"Usually, it's just different people managing the same business," said Alison Cooper of the Investor Responsibility Research Center, of 1,679 South African employees affected by disinvestment since 1984, she noted, only 594 lost their jobs.

Phiroze Camy, general secretary of the Congress of Unions of South Africa, argues that workers fare little better under U.S. ownership than under any other — but others, including Gavin Brown, an industrial-relations consultant at Levy, Andrew & Associates in Johannesburg, say that disinvestment will ultimately lower workers' wages.

Disinvestment new companies take over, the rate of growth in wages tends to become more a function of the local market than of the artificial premiums imposed on multinationals operating here," Mr. Brown said.

"In the long run, in two years, there's no question that workers are going to be worse off."

Mr. Brown and others also suggest that some foreign companies sell off unprofitable units because they know local owners, free from political pressures, can pay lower wages that will ensure profitability — and continued distribution revenues for the parent.

Lionel Grew, assistant vice president of Citicorp's Citibank unit in Johannesburg and executive director of the Sullivan Signatory Association, worries that disinvestment by a U.S. company removes the burden of social accountability.

"The first thing they do is cut their social-responsibility programs — I've seen that with almost every company that has disinvested," he said.

Companies that have signed the Sullivan guidelines typically have reduced between 5 percent and 10 percent of their total wage bill on education and housing programs.

Peter Harding, a South African executive who led the management buyout of the Robert & R. E. subsidiary in Johannesburg, acknowledged that since taking over the company, he has ended its support of educational programs.

"It's a leveraged buyout, funds are going to be damn scarce, and when the pressure is put on, it's very obvious what area is going to suffer," he said. "I have no choice."

Stanley Toole, too, ended his support of Free University in Swaziland when it was sold. Mr. Frost said the company has maintained its philanthropic work — but Mr. Grew says such actions are rare.

The current pattern of disinvestment may yet change. Some investment bankers say it is only a matter of time before the major manufacturers — Ford Motor Co. and General Motors Corp. are the biggest — of many U.S. companies will open up in South Africa — pulls out.

Then, too, political pressure in the United States may soon extend to companies that maintain a distribution and licensing links — although the companies involved will not do so on a harder right than they did against disinvestment.

And the trade sanctions that are imposed in South Africa as a result of some points of South African companies' imported goods. Local managers are trying to protect themselves by increasing local purchases and manufacturing.

disincentives operating here," Mr. Brown said.

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Lionel Grew, assistant vice president of Citicorp's Citibank unit in Johannesburg and executive director of the Sullivan Signatory Association, worries that disinvestment by a U.S. company removes the burden of social accountability.

"The first thing they do is cut their social-responsibility programs — I've seen that with almost every company that has disinvested," he said.

Companies that have signed the Sullivan guidelines typically have reduced between 5 percent and 10 percent of their total wage bill on education and housing programs.

Peter Harding, a South African executive who led the management buyout of the Robert & R. E. subsidiary in Johannesburg, acknowledged that since taking over the company, he has ended its support of educational programs.

"It's a leveraged buyout, funds are going to be damn scarce, and when the pressure is put on, it's very obvious what area is going to suffer," he said. "I have no choice."

Stanley Toole, too, ended his support of Free University in Swaziland when it was sold. Mr. Frost said the company has maintained its philanthropic work — but Mr. Grew says such actions are rare.

The current pattern of disinvestment may yet change. Some investment bankers say it is only a matter of time before the major manufacturers — Ford Motor Co. and General Motors Corp. are the biggest — of many U.S. companies will open up in South Africa — pulls out.

Then, too, political pressure in the United States may soon extend to companies that maintain a distribution and licensing links — although the companies involved will not do so on a harder right than they did against disinvestment.

And the trade sanctions that are imposed in South Africa as a result of some points of South African companies' imported goods. Local managers are trying to protect themselves by increasing local purchases and manufacturing.

Sun Chemical To Sell Unit to Dainippon Ink

NEW YORK — Sun Chemical Corp. said Monday that it had reached an agreement in principle to sell its specialty-chemicals unit to Dainippon Ink & Chemicals Inc. of Japan for \$550 million cash.

Dainippon had previously offered to buy the graphic arts materials group for \$425 million, and the whole group's common shares outstanding for \$600.6 million.

The transaction announced Monday is subject to the completion of a review by Dainippon.

In July, Sun Chemical proposed to merge with Chromalloy American Corp.

In light of the proposed transaction with Dainippon, Sun Chemical said it has asked its investment bankers to advise it with respect to the terms of the previously announced proposed merger with Chromalloy.

Some of the dollar's firmness was due to squaring up of short positions put on Friday on some anticipation of a discount-rate cut," said Daniel Holland, vice president at Discount Corp. of New York.

"Even though the Bundesbank denied that it had reached agreement with the Federal Reserve Board on a coordinated rate cut, there's still uncertainty over what

level the West German bank will move to dampen the mark's rise, Mr. Holland said.

He said the market remains negative on the dollar and has built in a sufficient amount of short or sell positions to saturate that side of the ledger. This leaves the potential for an explosive rise if the dollar goes high enough to spark heavy short covering, he pointed out.

Deutsche said a sharply better U.S. GNP figure on Tuesday could drive the dollar to as high as 2.11 DM, a major chart point, by the end of the week. But a lower figure would likely push the currency back to 2.05 DM, they said.

Second-quarter GNP growth originally was put at a slack 1.1 percent, but most analysts expect the revised figure to show a rise of 1

percent and was priced at 100%.

The issue ended outside the total fees of 2 percent at a discount of 2 1/2 percent.

The Long-Term Credit Bank of Japan issued a \$150-million bond issue that pays 8 percent over 10 years and was priced at 101 1/8. The lead manager was the borrower's European subsidiary, LTCB International Ltd., and the issue finished comfortably within the 2-percent fee at a discount of 1 1/8.

Syndicate managers said that none of the borrowers came from the United States. "It's still cheaper for most U.S. names to tap their own domestic market," a syndicate head said.

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CURRENCY MARKETS

Dollar Ends Stronger in Europe, U.S.

Compiled by Our Staff From Dispatches

NEW YORK — The dollar turned higher in U.S. and European trading Monday as investors squared positions ahead of Tuesday's release of revised U.S. gross national product for the second quarter.

The market is overall short the dollar, and it was just a case of GNP nerves prompting traders to cover their positions," one U.S. dealer said.

In New York, the dollar rose more than 1 cent against the Deutsche mark, to 2.0775 from 2.0655 on Friday. It also rallied to 154.45 yen from 153.75 to 154.35 French francs from 16.670 to 16.735 Swiss francs from 1.608.

The British pound firmed to \$1.490 from \$1.490.

"Some of the dollar's firmness was due to squaring up of short positions put on Friday on some anticipation of a discount-rate cut," said Daniel Holland, vice president at Discount Corp. of New York.

"Even though the Bundesbank denied that it had reached agreement with the Federal Reserve Board on a coordinated rate cut, there's still uncertainty over what

level the West German bank will move to dampen the mark's rise, Mr. Holland said.

He said the market remains negative on the dollar and has built in a sufficient amount of short or sell positions to saturate that side of the ledger. This leaves the potential for an explosive rise if the dollar goes high enough to spark heavy short covering, he pointed out.

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London Dollar Rates

Currency	Unit	Rate
Deutsche mark	£100	2.0775
Japanese yen	£100	154.45
French franc	£100	154.35
Swiss franc	£100	16.735
U.S. dollar	£100	1.490

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BOOKS

